



NEWS RELEASE

Not for dissemination in the US or to US wire services.

CIELO GOLD – CORPORATE UPDATE

SURREY, British Columbia, Canada /January 17, 2013/ CNSX:CMC/ Cielo Gold Corp. (“Cielo Gold” or the “Company”) is pleased to announce that it has entered into an Interim Agreement with Blue Horizon Bio-Diesel Inc. (“**BH Bio-Diesel**”), an indirect wholly owned subsidiary of Blue Horizon Industries Inc. (“**Blue Horizon**”) (CNSX: BH).

Pursuant to the terms of the Interim Agreement, Cielo Gold has agreed to purchase certain assets (the “**Assets**”) and certain liabilities of BH Bio-Diesel for consideration of \$4.25 million payable in the form of two convertible debentures (collectively, the “**Debentures**”) issued by Cielo Gold (the “**Transaction**”). The first debenture (the “**First Debenture**”) will bear interest at an annual rate of 6% and will be in the amount of \$2 million, due on the first anniversary of such First Debenture, payable in cash or, at the election of Cielo Gold, in common shares of Cielo Gold at a CDN\$0.25 per share price (the “**Conversion Price**”). The second debenture (the “**Second Debenture**”) will bear interest at an annual rate of 6% and will be in the amount of \$2.25 million, due on the second anniversary of such Second Debenture, payable in cash or, at the election of Cielo Gold, in common shares of Cielo Gold at the greater of (A) the 10-day volume weighted average of the trading price of the common shares of Cielo Gold on the date of payment, or (B) CDN\$0.25 per share (the greater of (A) or (B) being the “**Conversion Price**”). BH Bio-Diesel will have the right after the respective due dates of the Debentures to convert the principal and interest payable by Cielo Gold into common shares at the Conversion Price therefor.

Closing of the Transaction is subject to customary closing conditions including the completion of a definitive asset purchase agreement as soon as practicable and the completion of due diligence, execution of closing documentation and applicable regulatory approvals, expected to occur on or about March 29, 2013.

The President and CEO of BH Bio-Diesel, Mr. Don Allan, has agreed to be appointed as CEO of Cielo Gold upon closing of the Transaction, and will also be appointed to the Board of Directors of Cielo Gold at that time. Cielo Gold will then add to its corporate focus on becoming a world class green diesel refinery using waste products to manufacture a renewable grade diesel.

The Assets include a renewable fuel oil demonstration plant that is currently being assembled and is expected to be ready for operation later this month. It is Cielo Gold’s goal to complete the upgrades required to produce an ultralow sulphur highway grade diesel to meet Canada’s mandate of 2% renewable content in each liter of diesel produced and sold. Cielo Gold hopes to begin commercial production of renewable diesel in 2013, using municipal waste and used oil. This feed stock is readily available and very inexpensive in comparison to the typical bio-diesel feed stocks. Cielo Gold sees the opportunity to help clean up the environment while potentially earning significant higher Return On Investments.

Don Allan, President and CEO of Blue Horizon said “It is a pleasure to have the opportunity to work with Cielo, its current management and Board of Directors. This is a very large step forward in the waste-to-fuel refining technology BH Bio-Diesel has been developing, and proposes to bring a significant benefit to shareholders of [BH Bio-Diesel], as well as the shareholders of Cielo”.

Further information regarding the Company can be found on SEDAR at www.SEDAR.com.

On Behalf of the Board of Directors

“Lucky Janda”

Chief Executive Officer

Tel: 604.592.6881

Certain statements contained in this release may constitute "forward-looking statements" or "forward-looking information" (collectively "forward-looking information") as those terms are used in the Private Securities Litigation Reform Act of 1995 and similar Canadian laws. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated", "anticipates" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to the business of the Company, the Property, financing and certain corporate changes. The forward-looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein. These securities have not and will not be registered under United States federal or state securities laws and may not be offered or sold in the United States or to a U.S. Person unless so registered, or an exemption from registration is relied upon. This news release does not constitute an offer of securities for sale in the United States.

CNSX has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.